moment, it is fairly near the market value. But, apart from that, in the interests of trade and also in the interests of customs revenue, it is not possible to consider any further reduction so soon.

MEMBER : We want a reduction in the tariff value so as to make it equal to the market value of the article.

DEWAN : We cannot do that so soon.

12. Export duty on tea.

MR. A. R. ST. GEORGE (*Central Travancore Planters' Association*) said that the export duty on tea was first introuced in 1916 by the Government of India as a war measure. But there was then an understanding that the duty would be withdrawn as soon as possible. The tax was accordingly abolished in 1927 or 1928 in British India. But the Travancore Government imposed the duty then which amounted to Re. 1-8-0 per 100 lbs. of tea exported. Even dust teas which paid no duty before were subjected to export duty in Travancore. In 1929, the Planters' Associations memorialised the Government on this subject and it was made clear that the Government need not lose any revenue by the abolition of this tax as it was suggested that the percentage of assessable income from tea industry might be increased from 25 to 40 per cent. besides imposing a super-tax of one anna in the rupee on incomes from this source of Rs. 50,000 and above. In December 1930, it was decided in an interview between the General Manager of the Kanan Devan Hills Produce Company and the officiating Dewan that 60 per cent. of the profits from tea industry should be fixed as the basis of taxable income without super-tax or export duty. But no further steps were taken in pursuance of that decision. The tea industry was going through a period of crisis and the prices offered at the London market for Travancore tea did not allow the producers any profit because of the export duty and the consequent unfair conpetition with other tea producers elsewhere who had no export duty to pay and whose profits were taxed only to the extent of 40 per cent. The member quoted figures to substantiate his statement. He added that the abolition of the export duty would entail some loss of revenue but the time was such that some assistance to the planters was necessary at the hands of the Government which if not given would bring about a depression in tea industry as in the case of rubber, and several estates would have to be closed down. Over-production, especially of common tea, coupled with no increase in consumption was the main cause of this depression. Already the stocks of tea available in the United Kingdom amounted to 250 million pounds. Further, the area under tea in Java and Sumatra had considerably increased and the quantity exported in 1929 was nearly double that exported in 1917. The condition of tea trade being as stated above, the Travancore planters were in a still more disadvantageous position than companies of British incorporation which paid no income tax or companies of Indian incorporation which had no export duty to pay. The interest of tea industry was so imporant that the question

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of preventing its depression beyond recovery required the anxious consideration of the Government. The member therefore requested that the question of abolishing the export duty on tea and substituting in its stead the taxation of the profits of tea industry be given full cansideration. He also said that, if necessary, a deputation of leading planters from all parts of the State would wait on the Dewan on any convenient date to discuss the question in all its bearings and settle details.

DEWAN'S REPLY : Mr. St. George, I shall very gladly examine the question again, and meet a deputation of the planters either here or in Peermade or Munnar.

13. Grant of full rights over teak trees standing on registered holdings to the owners thereof.

MR. P. PARAMESVARAN PILLAI (*Tiruvella taluk, Group II*) spoke about the need for the abolition of royalty on teak trees standing on private holdings. In olden days there were many articles of Government monopoly but the monopoly was subsequently abolished. Pepper was one such article. At the time when the monopoly on this article existed the ryots had not absolute right even over the lands on which pepper was grown. But in the year 1040 the absolute right over all *pandaravaka* lands was conferred on the ryots and along with that the royalty on pepper was also abolished. But to compensate for the loss of revenue on this account a duty was imposed on pepper exported. Cardamom was also till recently an article of Government monopoly. But this monopoly was also abolished during the time of Dewan V. P. Madhava Rao.

The disadvantages of imposing a royalty on teak trees were many. The roots of these trees were injurious to other plantations and their shade did not allow other trees to grow. The ryots were liable to prosecution if they lopped off the branches of teak trees. The felling of these trees also caused considerable damage to the boundary walls of the private holdings. In order to avoid these and similar inconveniences the ryots were in the habit of destroying young teak plants and not allowing them to grow. If this practice was continued, the private holdings, would, in a short time, be free of any teak trees and Government would have to suffer considerable loss of revenue. On the other hand, if full ownership over teak trees be granted to the ryots, they would try to rearand tend them carefully and even open new plantations. In order to compensate for the loss of revenue under *kudivila*, which the abolition of the royalty would entail, an export duty might be levied on teak logs as in the case of pepper. This revenue was sure to be more than that under *kudivila*. It might be noted that the teak logs were in great demand outside Travancore. There was no doubt that the Forest Department would object to this proposal. The main reason for the objection was perhaps the large income derived under *kudivila* on royal trees on private holdings, and the consequent loss of revenue by the abolition of royalty. Though there was a larger number of trees in

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